

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service
Indian Health Service

Refer to: DHR

INDIAN HEALTH SERVICE CIRCULAR NO. 97-09

PERFORMANCE APPRAISAL SYSTEM

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Appraisal System (PAS)

1. **PURPOSE.** The purpose of this Indian Health Service (IHS) Circular is to provide information and guidance regarding a performance management system for all IHS civilian employees that encourages and supports individual and team efforts in accomplishing the Agency's mission and goals.
2. **POLICY.** This policy applies to all General Schedule (GS) employees; General Management (GM) employees covered by Public Law (P.L.) 103-89, "The Performance Management and Recognition System Termination Act of 1993"; Wage Grade (WG) and Wage Board (WB) employees; prevailing rate employees; and senior level, scientific, and professional employees paid under U.S.C. 5376.

It is the policy of the IHS to develop and continually refine a Performance Appraisal System (PAS) that allows for effective and clear communication between managers and employees about organizational goals and expected outcomes.

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The PAS must clearly define the individual and/or team accountability for achieving the goals and outcomes. The process developed for management to measure and provide feedback to the employees regarding individual and team performance must be an uncomplicated system of documentation.

3. **AUTHORITY.** 5 United States Code (U.S.C.) Chapter 43 and 5 Code of Federal Regulations (CFR), Part 430 (Performance Appraisal); 5 U.S.C. Chapter 45 and 5 CFR, Part 451, Subpart A (Agency Awards and Recognition); 5 U.S.C. 5335 and 5304 and 5 CFR, Part 531, Subpart D (Within-Grade Increases); 5 U.S.C. 5336 and 5 CFR, Part 531, Subpart E (Quality Step Increases); 5 U.S.C. 3502 and 5 CFR 351.504 (Reduction-in-Force); 5 U.S.C. 552a, 5 CFR, 293.404 and 293.405 (Records of Employee Performance); and 5 CFR, Part 432.104 (Unacceptable Performance).

4. **RESPONSIBILITY.**

A. The Director shall:

- (1) Determine the specific appraisal system configuration to be used within the organization and obtain the approval of the Assistant Secretary for Human Resources for any proposed exceptions to the Department's requirements;
- (2) Integrate the PAS into an overall performance management system inclusive of other management systems within the organization;
- (3) Delegate authority to implement appraisal systems;
- (4) Ensure that Administration, Department, and agency goals and objectives are reflected in appropriate performance plans;
- (5) Fulfill any bargaining obligations with recognized unions.

B. Area and Headquarters Office Directors shall:

- (1) Ensure that the appraisal system is equitably administered; all employees performance plans, progress reviews, and final appraisals are completed in a timely manner; performance-related actions are taken on time; and the required records are maintained.

- (2) Provide orientation and training for supervisors and employees in the purpose and procedures of the appraisal system;
- (3) Assure that organizational goals and objectives are reflected in the performance plans;
- (4) Provide positive and timely reinforcement to those managers and supervisors who effectively manage employees' performance by dealing effectively with employees who meet and exceed performance standards, and by taking appropriate action with those who do not; and
- (5) Monitor and evaluate the appraisal system as it is administered, taking appropriate action to ensure changes where needed.

C. Servicing Personnel Officers shall:

- (1) Provide performance management training and orientation for employees and supervisors;
- (2) Establish procedures to ensure that managers and supervisors complete PAS performance plans; progress reviews, and final ratings when they are due;
- (3) Establish procedures to ensure that managers and supervisors prepare a performance improvement plan (PIP) when an employee is at an unacceptable level of performance.
- (4) Actively support managers and supervisors by providing guidance and assistance as necessary or as requested;
- (4) Maintain files of all required performance documents in accordance with HHS Instruction 293-3 and enter all necessary data into the Department's personnel/payroll system; and,
- (5) Transfer all performance documents for transferring or separating employees.

D. Rating Officials (First-line Supervisor) shall:

- (1) Develop performance plans based on organizational goals and the requirements of the employee's

position, within 30 days of the beginning of the appraisal period, ensuring employee input as appropriate;

- (2) Monitor performance to identify progress and/or deficiencies, conduct and document progress review(s), modify performance plans when warranted, maintain necessary records, and provide employee feedback;
- (3) Prepare a Performance Improvement Plan (PIP) when the employee is at an unacceptable level of performance;
- (4) Rate employees' performance in comparison to their performance plans and provide comments as required;
- (5) Determine the rating of record as required, giving consideration to any earlier ratings during the appraisal period;
- (6) Secure approval of final ratings and ratings of record as required;
- (7) Communicate approved ratings to employees and furnish them signed copies;
- (8) Prepare performance award recommendations as appropriate; and
- (9) Take appropriate action with subordinates whose performance is unacceptable;

D. Reviewing Official (Second Level Supervisor) shall:

- (1) Review, comment on and approve final rating of employees whose rating is "unacceptable."

E. Employee shall:

- (1) Provide input in the development of his/her performance plan;
- (2) Ensure he/she has a clear understanding of the rating official's expectations with regard to the performance plan and PIP, if applicable. Requests clarification, if needed;

- (3) Perform the responsibilities of the position to meet the identified expectations/goals; communicate changes in circumstances or conditions that may affect performance; and
- (4) Review their performance in preparation for meetings with supervisors to discuss progress or performance ratings.

5. DEFINITIONS.

- A. Acceptable performance - When the employee has performed at an acceptable level on all performance elements under the performance plan.
- B. Appraisal - The process by which performance is reviewed and evaluated.
- C. Appraisal period - The established period of time for which performance will be reviewed and a rating of record prepared. In IHS, the appraisal period is based on the calendar year, January 01 to December 31.
- D. Appraisal program - The specific procedures and requirements established by IHS within the policies and parameters covered by the HHS appraisal system, consistent with subchapter I of Chapter 43 of Title 5, U.S.C. and 5 C.F.R. Part 430, Subpart B.
- E. Performance element - A work assignment or responsibility of such importance that unacceptable performance on the element would result in a determination that an employee's overall performance is unacceptable. A performance element addresses individual performance only. Only critical elements will be established in the performance plan. The critical elements will be referred to as performance elements.
- F. Minimum appraisal period - The minimum period for which an employee can be rated is 120 calendar days.
- G. Performance plan - All of the written or otherwise recorded performance elements that set forth expected performance.
- H. Performance rating - The documented appraisal of performance compared to the performance standard(s) for each performance element. The employee must have performed under the performance elements for a minimum of

120 days in order to be rated. A performance rating may include the assignment of a summary level.

- I. Performance standard - The management-approved expression of the performance threshold(s), requirement(s), or expectation(s) for an element that must be met to be appraised at a particular level of performance. All performance elements must have a performance standard prepared at the "Acceptable" level.
 - J. Progress review - Communicating with the employee about their performance compared to the performance standards of the elements established in the performance plan. A progress review is not in itself a rating.
 - K. Rating of record - The performance rating prepared at the end of an appraisal period for performance over the entire period and the assignment of a summary rating level. (as specified in 5 C.F.R. 430.208(d)). This constitutes the official rating of record.
 - L. Rating Official - The supervisor who establishes an employee's performance plan, conducts progress reviews, rates the employee's performance, and prepares a final rating.
 - M. Reviewing Official - The higher level management official who reviews and approves an "Unacceptable" rating of record. Such review is mandatory.
 - N. Unacceptable Performance - A rating of "unacceptable" for the purpose of personnel actions is administered when the employee has not performed acceptably on one or more performance elements under their performance plan.
 - O. Performance Improvement Plan - The document that identifies the element(s) for which performance is not acceptable. This plan also identifies acceptable performance, the length of time allowed for improvement, the type of assistance the rating official will provide and actions that may result if performance is not improved.
6. PERFORMANCE PLAN.
- A. Performance plans (performance elements and standards) will be developed and communicated within 30 days following either the beginning of the appraisal period for current employees or when an employee begins a new

position that will last at least 120 days. This includes details and temporary promotions.

- B. Each performance plan will consist of 2 to 6 critical performance elements. The performance elements will be tailored to each employee's specific major job duties and responsibilities as described in the employee's position description. For supervisory employees, the performance elements will include the IHS mandatory elements such as those established for supervision and EEO. More than one mandatory element may be combined into one performance element, if so desired. The performance elements are developed by the rating official, with employee input, as appropriate. Under HHS regulations, if team elements are used, employees must be rated for their individual contributions to the success of the team rather than rating the team as a whole.
- C. A performance standard is established at the "Acceptable level for each performance element. To the maximum extent feasible, standards should include specific performance measures used to assess success. This may include measures of timeliness, quantity, quality, and accuracy. The "Acceptable" standard will describe the minimum level needed to fully accomplish the job element. It does not include criteria for exceeding expectations. Employees must meet all of the requirements specified in each standard to be credited as "Acceptable."
- D. Both the employee and the rating official sign the performance plan at the time the expectations are communicated (i.e., the plan is implemented).
- E. Changes made to performance standards during the performance period are initialed by both parties prior to implementation.
- F. The lack of a signature by the employee does not invalidate the performance plan or changes to the plan provided the change has been communicated to the employee.
- G. Elements and standards are implemented and effective at the time of signature by the supervisor and when communicated to the employee.

7. PERFORMANCE RATING LEVELS.

A. Two distinct levels will be used for rating performance on each performance element: "Acceptable" and "Unacceptable."

- (1) Acceptable - An "Acceptable" rating on a given performance element reflects the level of performance needed to meet or exceed the job requirements specified in the performance standard. A rating of "Acceptable" means that organizational goals and objectives were efficiently and effectively attained by accomplishing expected results.
- (2) Unacceptable - Performance that fails to meet the established performance standards for a given performance element.

B. Final ratings are derived as follows:

- (1) Acceptable - A final rating is derived at this level when the employee is rated at the "Acceptable" level on all performance elements.
- (2) Unacceptable - A final rating at this level is issued when the employee is rated at "Unacceptable" on one or more performance elements.

Final ratings prepared at the end of the rating period address performance over the entire rating period and are referred to as ratings of record.

8. PROGRESS REVIEW REQUIREMENTS

A. Supervisors will communicate with employees about their performance during the appraisal period. This will include at least one mid-year progress review to discuss performance related to established elements and standards. Written comments by the rating official are required.

B. Progress reviews provide an opportunity for both the employee and the rating official to:

- (1) Ensure a common understanding of performance standards, discuss changing responsibilities, and revise standards if appropriate.

- (2) Monitor or review performance to determine progress or problems, and provide information on how performance may be improved.
 - (3) Initiate a PIP when performance is "Unacceptable" in one or more performance elements.
- C. If at any time during the rating period an employee's performance is determined to fall below the "Acceptable" level in one or more performance elements, the employee will be given a PIP and an opportunity to demonstrate acceptable performance. If the employee's performance does not improve to the "Acceptable" level during the opportunity period, action will be initiated to reduce in grade, reassign, or remove the employee.
- D. The employee and the rating official sign and date the IHS performance form following the progress review.

9. PREPARATION OF THE FINAL APPRAISAL.

- A. Supervisors will evaluate each employee's performance, provide feedback, and complete the appraisal forms within 30 days after the end of the annual appraisal period. Documentation (written comments by the rating official) regarding the employee's accomplishments is required. Supervisors may consider input from customers, higher level management officials, and/or peers to objectively assess each employee's performance and ensure consistent application of standards across organizational lines.

Supervisors will also provide feedback and complete appraisal forms when employees change positions during the appraisal period, if the minimum 120-day appraisal period has been completed. The rating(s) will be considered with any other ratings completed at the end of the appraisal period and a rating of record will be issued.

In the event a supervisor should leave his position, the supervisor should finalize the performance appraisal for employees under their supervision prior to their departure.

- B. An employee must receive a rating of "Acceptable" on all performance elements in order to receive an overall rating of "Acceptable." An employee who receives a rating of "Unacceptable" on one or more performance elements will receive an overall rating of "Unacceptable."

- C. The annual performance appraisal meeting at the end of the appraisal period is an opportunity for the employee and the rating official to discuss how well the performance standards were met. At this point the need for training or other developmental activities in order to enhance performance may be discussed, as appropriate.

Supervisors should set aside sufficient time to allow for a thorough and meaningful discussion. Advance arrangements to provide convenient and private accommodations for the meeting should be made. Both parties should prepare for the meeting by reviewing all pertinent information including the performance elements and standards, progress review, and job accomplishments.

- D. Performance in all positions held during the appraisal period (temporary or permanent) will be considered in final ratings of record. Therefore, performance plans/ratings must be prepared for employees who will be rated while detailed for extended periods (i.e., 120 days or longer) or temporarily promoted.
- E. The rating official signs and dates the appraisal block on the IHS performance form to indicate that the rating was discussed and a copy given to the employee. If the final rating is "Acceptable," the rating official has the employee sign and date the form. The reviewing official's signature is not required on ratings of "Acceptable."
- F. If the rating is "Unacceptable," it must also be reviewed and signed by the reviewing official. After the reviewing official has signed and finalized the rating, the employee is asked to sign and date the appraisal; the employee will be provided assistance designed to improve performance.
- G. A rating official may postpone the appraisal of an employee in the following circumstances:
- (1) At the date of the appraisal, the employee served less than 120 days under an approved performance plan (ratings issued during the appraisal year by other HHS components or other Federal agencies constitute service under an approved plan).
 - (2) Employee is in a leave status which has not permitted the rating official to observe his/her work for a period of 120 days;

- (3) A performance improvement period for "Unacceptable" performance has not been completed;
 - (4) Has insufficient time left in the appraisal period to complete a Performance Improvement (PIP); or
 - (5) Termination or removal proceedings are pending.
- H. Employees who wish to comment on their ratings may record their comments on the form itself or as an attachment to it for prompt submission to the rating official.
- I. Employees who disagree with their final rating of record and wish to file a grievance may do so in accordance with HHS Personnel Instruction 771-3 or an applicable negotiated grievance procedure.
- J. Temporary Assignments Outside IHS - The Rating Official will make a reasonable attempt to obtain a performance assessment for any temporary work assignment by an employee performed outside the IHS. At a minimum, the Rating Official will contact the temporary duty supervisor and request a memorandum describing the assignments performed by the employee and an assessment of how well the employee performed the work. If definitive information is obtained, the Rating Official will consider it in developing the final rating for the annual rating period.
- K. Employees Transferring Into IHS - When an employee moves into IHS from another Federal agency at any time during the rating period, the rating prepared at the time of the transfer and forwarded by the outside agency must be taken into consideration when preparing the final rating at the end of the IHS annual rating period.

10. PERFORMANCE IMPROVEMENT PLANS.

- A. When the employee's performance is unacceptable, Rating officials are required at any time during the performance cycle prior to an official rating, to provide an employee with a Performance Improvement Plan (PIP) that documents deficiencies, and provide assistance when the employee's performance is "Unacceptable" in one or more performance elements.
- B. The following information is included in all PIPs:
- (1) The performance element(s) for which performance is at the "Unacceptable" level,

- (2) The "Acceptable" performance standard(s) for the performance element(s),
 - (3) A reasonable period of time during which the employee can be expected to attain the "Acceptable" performance level,
 - (4) Examples of those aspects of work that are deficient and what must be done to overcome those deficiencies,
 - (5) What action may result if performance is not improved in the performance element(s) specified at the "Acceptable" performance level; and
 - (6) The type of assistance the rating official will provide to the employee to improve performance.
- C. During the PIP period, counseling is provided regularly to the employee by the supervisor noting where improvement has and has not been made. The counseling sessions must be documented and include the date, nature of assistance given, and how the employee is progressing. A copy of the documentation is provided to the employee.
- D. If by the end of the PIP, the employee's performance has not improved to the "Acceptable" level, an adverse action (reduction-in-grade or removal) may be proposed. Alternatively, the employee may be reassigned to a position where it is believed his/her performance would be "Acceptable" in all performance elements. The employee's within-grade-increase may be denied.
- If the employee is retained in his/her present position for an additional period of time, the PIP may be extended for one (1) additional period to allow the employee more time to improve performance. The extension of the PIP must be prepared in written format and will contain the following information:
- (1) Justification and/or reasons for the PIP extension.
 - (2) The PIP extension period that includes the beginning and ending date.
 - (3) The aspects or job element(s) as contained in the established PIP, that are being extended.
- E. The employee must maintain an acceptable level on the performance elements contained within the PIP for the

next twelve month period upon completion of the PIP. If the employee's performance falls back to the unacceptable level on any performance element contained in the PIP within the twelve month period, the supervisor may automatically initiate an adverse action without placing the employee on another PIP.

- F. **Within-Grade Increases (WIGI):** An employee's performance must be at an acceptable level to earn advancement in pay to the next higher step of the grade. If an employee becomes eligible for a WIGI while under a PIP, the WIGI will be delayed and withheld. If an acceptable level of competence determination is made upon completion of the PIP, the employee's WIGI may be granted effective the beginning of the next pay period.
11. **SUPERSEDURE.** The information contained in this circular, previously contained in Special General Memorandum 89-6, dated August 25, 1989, Subject: "Employee Performance Management System," was superseded by IHS Circular 97- , dated October , 1997.
12. **EFFECTIVE DATE.** This Circular is effective upon date of signature by the Director, IHS.



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Director, Indian Health Service

A. Ratings in Special Circumstances

1. An employee is considered to be rateable during an appraisal year if he or she has performed under at least one performance plan covering 120 days or more during that year.
2. If an employee would otherwise be unratable for an appraisal year, the year must be extended until 120 days are reached, and a rating of record must be prepared at the end of the extended year. The year must not be extended if any rating was made earlier in the year for another position.
3. If an employee permanently changes positions during the appraisal year and has performed under a performance plan for at least 120 days in the previous position, the employee's performance in that position must be rated. This rating and any other ratings given throughout the appraisal year must also be taken into consideration in deriving the rating of record for the appraisal year (lack of any rating, however, will not invalidate the rating of record based on the other rating(s)).
4. If an employee, after having served 120 days or longer under a performance plan in the Department, goes on a detail or IPA assignment outside the Department, the employee must be given a rating for the position of record when the rating is due. Also, a reasonable effort must be made to obtain appraisal information from the outside agency based on the separate performance plan if applicable for the assignment. If the information is obtained, a rating must be prepared by the supervisor of record and must be considered in deriving the employee's next rating of record.
5. If an employee has not served under a performance plan in the Department for 120 days or longer in the appraisal year before going on an outside detail or IPA but has served for the minimum appraisal period of and in the outside agency, the supervisor of record must make a reasonable effort to prepare a rating based on the separate performance plan for the assignment and appraisal information obtained from the outside agency. If prepared, the rating must be considered in deriving the employee's next rating of record.

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6. When an employee moves to a different organization in the Department or to a Federal agency outside the Department at any time during the Department's appraisal year, the current performance ratings of record must be transferred as required in 5 C.F.R. Part 293, including the rating that must be made at the time of the position change if the performance plan was in effect for at least 120 days. For moves within the Department, this rating must be taken into consideration when preparing the rating of record for that appraisal year.
7. When an employee moves into the Department from a Federal agency outside the Department at any time during the Department's appraisal year the rating prepared at the time of the transfer and forwarded by the outside agency must be taken into consideration when preparing a rating the record for that appraisal year.
8. If there is a new supervisor while the employee remains in the same position, the leaving supervisor should provide, in writing, information about the employee's performance up to the time of the change so that the information can be considered in preparing a rating of record when it is due.
9. The performance appraisal and resulting rating of a disabled veteran may not be lowered because the veteran has been absent from work to seek medical treatment as provided in Executive Order 5396.

B. Linkage of Performance Rating to Other Personnel Actions

1. Within-Grade Increase (WIGI). An employee must have a current rating of record of "Acceptable" in order to be granted a WIGI. An employee who has a current rating of record of "Unacceptable" will not be granted a WIGI until performance improves to the "Acceptable" level. Additional information concerning WIGIs is contained in 5 CFR 531.
2. Quality Step Increase (QSI). A QSI is an exceptional performance pay increase which provides faster than normal step increases for permanent General Schedule employees who achieved all critical results in their Employee Performance Plan. Additional information

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concerning QSIs is contained in the Health and Human Services Instructions. IHS will allow the granting of QSI's to employees who exceed performance expectations when properly documented and justified. No other awards are directly linked to the performance appraisal process; however, awards may be based on achieving critical results outlined in an Employee's Performance Plan.

3. Promotion. In order to receive a career ladder promotion, an employee must have a current rating of record of "Acceptable."

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Department of Health and Human Services
Indian Health Service
PERFORMANCE APPRAISAL SYSTEM (PAS)

I. IDENTIFYING INFORMATION

Employee Name: _____ Social Security No: _____

Title/Series/Grade: _____ Location: _____

II. PERFORMANCE PLAN COMMUNICATED AND APPROVED

Number of Performance Elements Under This Plan: _____

Rating Official Signature: _____ Date: _____

Employee Signature: _____ Date: _____

III. PROGRESS REVIEW

Rating Officials are *required* to comment on their employee's progress for each performance element under "Progress Review".

Date Conducted: _____

Rating Official Signature: _____

Employee's Signature: _____

NOTE: Identified performance problems *require* the supervisor to prepare a Performance Improvement Plan (PIP) for the employee.

IV. PERFORMANCE EVALUATION AND RATING

Rating For The Period: _____ From: _____ To: _____

Performance Element 1:	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Unacceptable
Performance Element 2:	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Unacceptable
Performance Element 3:	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Unacceptable
Performance Element 4:	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Unacceptable
Performance Element 5:	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Unacceptable
Performance Element 6:	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Unacceptable

OVERALL PERFORMANCE RATING:

☐ ACCEPTABLE

☐ UNACCEPTABLE

(An employee who is rated **UNACCEPTABLE** on one or more elements must receive an overall rating of **UNACCEPTABLE**)

Rating Official Signature: _____ Date: _____

Employee Signature: _____ Date: _____

Reviewing Official Signature: _____ Date: _____
(Required if Unacceptable Rating is Assigned)

Employee Name: _____

Performance Element	Performance Standard	Performance Rating		Comments
		Acceptable	Unacceptable	